

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE UNION LIGHT,)	
HEAT AND POWER COMPANY FOR AN)	
ORDER AUTHORIZING ISSUE AND SALE)	CASE NO. 89-120
OF UP TO \$35,000,000 PRINCIPAL)	
AMOUNT OF FIRST MORTGAGE BONDS)	

O R D E R

On May 15, 1989, Union Light, Heat and Power Company ("Union Light") filed its application for authority to issue and sell, from time to time over a period ending May 31, 1991, up to \$35 million in principal amount of First Mortgage Bonds ("New Bonds") for terms not to exceed 35 years. The terms of each offering will be negotiated by Union Light and its underwriters for a direct sale or for a sale through agents to one or more purchasers. The proceeds of the New Bonds will be used for the purpose of (1) retiring at maturity Union Light's \$6.1 million First Mortgage Bonds, 5% Series Due July 1, 1989, (2) repaying \$12 million in short-term debt incurred as of March 31, 1989 in connection with its construction program, and (3) for necessary acquisitions of property, construction, completion, extension, renewal and improvement of its facilities, and for improvement of its service as detailed in Exhibit A of Union Light's application.

The Commission having considered the evidence of record and being advised, is of the opinion and finds that the issuance and sale of the above securities by Union Light are for the lawful

operations, are necessary or appropriate for and consistent with the proper performance of its service to the public, and will not impair its ability to perform that service, and are reasonably necessary and appropriate for such purposes and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Union Light be and it hereby is authorized to issue and sell New Bonds with an aggregate principal amount not to exceed \$35 million as set out in the application. Any expenses incurred in connection with the issue of the New Bonds shall be charged to the proper deferred account and amortized over the life of the New Bonds in equal amounts to Current Income.

2. Union Light shall as soon as reasonably possible after the issuance of the securities referred to herein, file with the Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, the interest rate, the purchasers, and all fees and expenses, including underwriting discounts or commission or other compensation, involved in the issuance and distribution.

3. Union Light shall agree only to such terms and prices that are consistent with its said parameters as set out in its application.

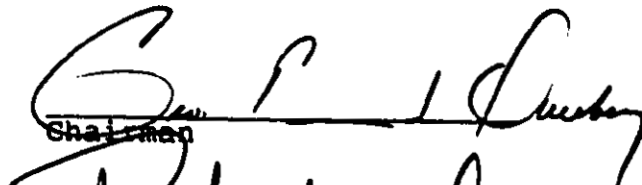
4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes as set out in the application.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the

Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 16th day of June, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director